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**American Home Assurance Company  
Boston Regional Office  
99 High Street  
Boston, Ma 02110**

December 14, 1999

Mike Christian  
Risk Strategies Company  
79 Milk Street, Suite 800  
Boston, Ma 02109

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To:	I Wm
Co.	AIG -
Dept.	Phone #
Fax #	457 6867

*M. Christian*

Re: Integrated Health Services, Inc.  
Umbrella  
Renewal of: 357 4343

Dear Mike:

In confirmation, National Union is quoting the following:

Policy Period: January 1, 2000 to January 1, 2001  
 Carrier: National Union Best Rating A++ XL  
 Limits of Liability: \$25,000,000 each occurrence  
                       \$25,000,000 general aggregate  
                       \$25,000,000 products/completed operations aggregate

**Required Underlying Retentions:**

General Liability: 1m/5m/5m  
 Professional Liability: 2m/12m/12m  
 Auto Liability: 2 mil csl  
 Employers Liability: 1m/1m/1m

**Premium Determination****Option #1**

2 Year Annual Installments

1<sup>st</sup> year - \$985,0002<sup>nd</sup> year - \$1,150,000

Minimum Premium - \$2,115,000

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Option #2

2 Year Pre-paid - \$1,850,000

Minimum Premium - \$1,850,000

Premium Payment due within 30 days

Commission: Net

Subject to: Annual Instalment policy premium contingent upon:

- 1) No estimated loss penetration during first year of policy
- 2) No increase in beds above 20% of current level
- 3) No change in core operations
- 4) This policy will be subject to a quarterly claims review conducted by AIG personnel to determine that claims are being handled in accordance with generally accepted claim handling guidelines.

Form, terms and conditions to be adapted from expiring.

If non-admitted paper needed, surplus lines tax will apply.

Allocated loss expense is outside of limit.

Should you have any questions, please do not hesitate to contact me at (617)457-2930.

Sincerely,



Jeffrey L. Maserie  
Director National Accounts

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